

Midlands Rural Housing and Village Development Association Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2024

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

ASSOCIATION INFORMATION

FOR THE YEAR ENDED 31 MARCH 2024

BOARD MEMBERS

David Frederickson – Chair

Derek Harvey

Chris Lambert (resigned January 24)

Darren Paterson (appointed September 23)

Joanne Tilley

PRINCIPAL BANKER

Barclays Bank Plc

Leicester

Leicestershire

LE87 2BB

AUDITOR

KPMG LLP

One Snow Hill

Snowhill Queensway

Birmingham

B4 6GH

SECRETARY AND REGISTERED HEAD OFFICE

Joanne Tilley

Memorial House

Whitwick Business Park

Stenson Road

Coalville

Leicestershire

LE67 4JP

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

ANNUAL REPORT OF THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2024

Review of the Year

Your Board of Management have pleasure in presenting their report covering the activities of the Association for the 12 months ended 31 March 2024.

While the operating environment has been increasingly challenging, our objective of providing housing for people in rural communities who are unable to purchase or rent a home at existing market levels continues to be delivered.

Partnership working remains crucial to delivering our business aims, and we continue to support direct provision via our partner Rural Housing Associations (Peak District Rural Housing Association Limited, Warwickshire Rural Housing Association Limited, Northamptonshire Rural Housing Association Limited and Leicestershire Rural Housing Association Limited). All continue to demonstrate high levels of management performance, and service delivery throughout the period. Their business plan targets and their growth aspirations have also been achieved, and financial viability has been maintained.

Our specialist knowledge and expertise continues to be recognised by other organisations and agencies. Alongside this, we have continued to lobby for ongoing support for affordable rural housing at the National and Local level. We continue to contribute to the work of the National Rural Housing Alliance, and the National Housing Federation, and respond to Government consultations in respect of policy developments. Moving forward, this engagement will continue, and remain increasingly vital, if we are to influence the operating environment for the benefit of the business.

We have continued to facilitate and promote our expertise in respect of rural housing enabling activity and have continued to deliver on our contract as the rural enabling partner for Leicestershire County Council. This has been supplemented by work we have undertaken for other partners, particularly Housing Associations, Local Authorities and Neighbourhood Plan groups. We have also taken the opportunity to expand our enabling work outside our traditional boundaries, particularly in the West Midlands. All of these add to the positive standing of the Association and enhance our reputation as a primary point of engagement on rural housing matters.

This activity has, again, generated additional income to strengthen our financial position, and is further recognition of the specialist knowledge and expertise of the Association. Our activities have continued to contribute to the diverse nature of the EMH Group, and we have been actively involved in the development and management of projects for emh homes.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

ANNUAL REPORT OF THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2024

Going Concern and Risk

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2024 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. The corporate risk map forms the basis of the annual stress-tests undertaken with any mitigating actions identified in the Recovery plan.

The board, after reviewing the group and Association budgets for 2024/25 and the group's medium-term financial position as detailed in the 30-year business plan including changes arising from possible risks, is of the opinion that, taking account of severe but plausible downsides, the group and Association have adequate resources to continue in business for the foreseeable future.

Consequently, the Directors are confident that the Group and Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Board Membership, remuneration and attendance

Name	Remuneration	Board Meeting Attendance
David Frederickson		
Chair	£3,960	3/4
Derek Harvey	£Nil	4/4
Chris Lambert*	£Nil	3/3
Darren Paterson**	£Nil	2/2
	Parent Nominee	
Joanne Tilley	Paid by emh Group	4/4

* Resigned January 24

** Appointed September 23

On behalf of the Board of Management

David Frederickson

Chair

26 July 2024

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE BOARD'S REPORT AND THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

The directors are responsible for preparing the Annual Report of the Board of Management and the Association financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of the income and expenditure the Association for that period.

In preparing the Association financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- assess the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board of Management

David Frederickson
Chair

26 July 2024

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

STATEMENT OF INTERNAL CONTROLS ASSURANCE

FOR THE YEAR ENDED 31 MARCH 2024

The Group Board is the ultimate governing body for the emh group and is committed to the highest standards of business ethics and conduct across all the operating businesses. The Group has a robust culture of internal controls. The Group's risk management and control culture is further supported by the adoption of the National Housing Federation's Code of Governance.

The Group Board has overall responsibility for ensuring that a sound and comprehensive system of internal controls exists across the group and for reviewing its effectiveness. Control systems have been designed to proactively manage, rather than eliminate the risks of failure to achieve business objectives and provide reasonable, but not absolute assurance against misstatement or loss.

The Group Chief Executive and Directors have reviewed the effectiveness of the internal control and assurance arrangements and have confirmed to the Board that all relevant regulations, policies and procedures have been complied with during the year. The Group Audit Committee has also expressed its satisfaction with these arrangements in its review of the effectiveness of internal control systems.

On behalf of the Board of Management

Joanne Tilley
Company Secretary

26 July 2024

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO MIDLANDS RURAL HOUSING AND VILLAGE
DEVELOPMENT ASSOCIATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2024

Opinion

We have audited the financial statements of Midlands Rural Housing and Village Development Association Limited ("the Association") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of the Association's affairs as at 31 March 2024 and of the income and expenditure of the Association for the year then ended; and
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's board has prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease its operations, and as they have concluded that the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the association will continue in operation.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO MIDLANDS RURAL HOUSING AND VILLAGE
DEVELOPMENT ASSOCIATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2024

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board and the audit committee as to the Association's high-level policies and procedures to prevent and detect fraud, and the Association's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the majority of revenue streams consist of material transactions with non-complex recognition criteria.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the association-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash transactions posted to unexpected account combinations.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO MIDLANDS RURAL HOUSING AND VILLAGE
DEVELOPMENT ASSOCIATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2024

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit

The potential effect of these laws and regulations on the financial statements varies considerably.

The association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Co-operative and Community Benefit Societies Act legislation) and requirements imposed by the Regulator for Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Association is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Association's Board are responsible for the other information, which comprises the Annual Report of the Board. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2024

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the Association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 5, the Association's Board are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association for our audit work, for this report, or for the opinions we have formed.

Mark Dawson

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snowhill Queensway

Birmingham

B4 6GH

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE
INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £	2023 £
Turnover	3	467,134	448,965
Recharges to Rural Housing Associations	3	44,789	569,626
Operating costs	3	(526,569)	(442,314)
Operating surplus/(deficit)	3	(14,646)	576,277
Interest receivable and other income		2,722	-
Interest payable and similar charges	8	-	(1)
Finance income and costs	9	(23,006)	(12,000)
Surplus/(Deficit) on ordinary activities before taxation	4	(34,930)	564,276
Tax on Surplus on ordinary activities	10	63,378	(85,346)
Surplus/(Deficit) for the year		28,448	478,930
Other comprehensive income			
Remeasurement of the Social Housing Pension Scheme	15	(195,000)	(195,000)
Remeasurement of the Reimbursement Asset	15	541,044	(579,150)
Total comprehensive income for the year		374,492	(295,220)

Turnover is derived from continuing activities.

The accompanying notes form part of these financial statements.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	2024 £	2023 £
Tangible fixed assets		-	-
Current assets			
Reimbursement assets (due after 1 year)	15	559,885	164,490
Trade and other debtors	11	376,658	896,647
Cash and cash equivalents		628,346	90,540
Total current assets		1,564,889	1,151,677
Creditors: amounts falling due within one year	12	(725,399)	(761,390)
Net current assets		839,490	390,287
Total assets less current liabilities		839,490	390,287
Creditors: amounts falling due after one year	13	-	(78)
Provisions for liabilities			
Other provisions	14	(17,159)	(11,454)
Pension liability	15	(629,084)	(560,000)
Net (liabilities)/assets		193,247	(181,245)
Capital and reserves			
Called up share capital	16	5	5
Revenue reserves		193,242	(181,250)
Total funds		193,247	(181,245)

The accompanying notes form part of these financial statements.

These financial statements were approved by the board of directors on 26 July 2024 and were signed on its behalf by:

David Frederickson

Chair

Derek Harvey

Board Member

Joanne Tilley

Secretary

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Called up share capital £	Revenue reserve £	Total equity £
Balance at 1 April 2023	5	(181,250)	(181,245)
Total comprehensive income for the period			
Surplus for the year	-	28,448	28,448
Remeasurement of Pension Schemes	-	(195,000)	(195,000)
Remeasurement of the Reimbursement Asset	-	541,044	541,044
Balance at 31 March 2024	5	193,242	193,247
Balance at 1 April 2022	5	113,970	113,975
Total comprehensive income for the period			
Deficit for the year	-	478,930	478,930
Remeasurement of Pension Schemes	-	(195,000)	(195,000)
Remeasurement of the Reimbursement Asset	-	(579,150)	(579,150)
Balance at 31 March 2023	5	(181,250)	(181,245)

The accompanying notes form part of these financial statements.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 LEGAL STATUS

The Association is incorporated under the Co-operative and Community Benefit Society Act 2014. The company registration number is 24278R and is a Public Benefit Entity. Its principal place of business is Memorial House, Stenson Road, Coalville.

2 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

The presentation currency of these financial statements is sterling. All amounts have been rounded to the nearest £1.00.

The Association's ultimate parent undertaking, East Midlands Housing Group Limited includes the association in its consolidated financial statements. The consolidated financial statements of East Midlands Housing Group are available to the public and may be obtained at www.emhgroup.org. In these financial statements, the association is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

Cash Flow Statement and related notes;
Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement Convention

The financial statements are prepared on historical cost basis.

Going Concern

The board, after reviewing the Association budgets for 2024/25 and the group's medium term financial position as detailed in the 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the group and Association have adequate resources to continue in business for the foreseeable future. The Board therefore continues to adopt the going concern basis in preparing the annual financial statements.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Classification of financial instruments by the Association

In accordance with FRS102.22, financial instruments issued by the Association are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Association to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Association; and
- b) where the instrument will or may be settled in the Association's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Associations own equity instruments or is a derivative that will be settled by the Association's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised costs using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful economic lives of the assets at the following annual rates:

Office furniture	10%
Computer equipment	20%

Employee Benefits

Defined benefit plans

A defined benefit plan is a post-employment plan other than a defined contribution plan. The Association's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plans assets is deducted. The Association determines the net interest expense on the net defined benefit liability for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dated approximating to the terms of the Association's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Association recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Employee Benefits (continued)

Remeasurement of the net defined benefit liability is recognised in other comprehensive income.

The Association participates in 2 defined benefit plans as set out below:-

- The Pensions Trust Social Housing Pension Scheme
- The Pensions Trust Growth Plan

Reimbursement assets

Reimbursement assets are recognised when the Group is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation. The right to reimbursement is recognised as a separate asset. The asset is treated in the same way as the plan assets.

The reimbursement asset represents the share due from the four Rural Housing Associations towards their share of the deficit in the Social Housing Pension scheme.

Provisions

A provision is recognised in the statement of financial position when the Association has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

The Association recognises a provision for annual leave accrued by employees as a result of services rendered in the current period and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary costs for the period of absence.

Taxation

Tax on the profit or loss for the year comprises current tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Turnover

Turnover represents fee income receivable from the sale of services and grants receivable from third parties.

Recharges or Distributions to Rural Housing Associations

Based on a cost sharing agreement in place between the Association and the four Rural Housing Associations, the Association calculates an annual recharges or distributions from or to the four Rural Housing Associations based on a proportion of the total comprehensive income of the Company. The basis of calculation for this recharge distribution has been agreed by the Boards of the Association and the four Rural Housing Associations.

Due to the position in the current year this has resulted in a recharge for 2023/24.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Expenses

Operating Costs

Operating costs represent the costs and overheads associated with delivering the services rendered.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Key Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the financial reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements.

The recoverability of trade debtors

The estimate for trade debtors relates to the recoverability of the outstanding balances at the reporting date. Trade Debtors are reviewed on an individual balance basis and a provision created for bad and doubtful debts based on the on the age and likely recoverability of the debt.

Defined benefit pensions liabilities

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plan, such estimates are subject to significant uncertainty. Further details are given in Note 16.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

	2024 £	2023 £
3 ANALYSIS OF OPERATING SURPLUS		
The operating surplus is constituted of both operating activities and recharges or distributions to the four Rural Housing Associations. The analysis below shows the effect of these recharges or distributions and the impacts on the Operating Surplus.		
<u>Operating Activities</u>		
Turnover	467,134	448,965
Operating costs	(526,569)	(442,314)
Operating surplus/(deficit) from operating activities	(59,435)	6,651
Recharges/(distributions) to/from Rural Housing Associations	44,789	569,626
Operating surplus/(deficit)	(14,646)	576,277

4 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

Surplus on ordinary activities before taxation is stated after charging:

Auditor's remuneration - for the audit of the annual accounts	15,000	7,438
Operating lease payments		
Land & Buildings	93,582	66,681

5 HOUSING STOCK

The Association manages the following properties on behalf of other Housing Associations:

	2024 Number	2023 Number
Social housing accommodation		
General needs rented	1,418	1,409
Low cost home ownership	255	253
Total social housing managed	1,673	1,662

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

6 STAFF NUMBER AND COSTS

The average number of persons employed by the Association (including Directors) during the year, analysed by category, was as follows:

	2024 Number	2023 Number
Office staff	1	1
	2024 £	2023 £
Staff costs for the above persons:		
Wages and salaries	66,824	58,360
Social security costs	9,408	9,784
Pension costs	8,320	(2,837)
	84,552	65,307

The total number of staff employed under a joint contract of employment with the four Rural Housing Associations referred to in the Annual Report of the Board of Management is 25 (2023: 23). The employee information disclosed above relates to Midlands Rural Housing only.

Board member pay is disclosed within the consolidated accounts of the parent company, East Midlands Housing Group Limited. The consolidated financial statements of East Midlands Housing Group are available at www.emhgroup.org.

7 BOARD MEMBERS AND EXECUTIVE DIRECTORS

Remuneration of £3,960 was paid to the Board of the Association during the year (2023 : £3,771). Expenses of £nil (2023 : £nil) were paid.

	2024 £	2023 £
8 INTEREST PAYABLE AND SIMILAR CHARGES		
On pension scheme liabilities	-	1
	-	1

9 FINANCING INCOME AND COSTS

Expected return on pension scheme assets	130,000	125,000
Interest on pension scheme liabilities	(153,006)	(137,000)
Net financing costs	(23,006)	(12,000)

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	£	£
10 TAXATION		
Total tax expense recognised in the profit and loss account, other comprehensive income and equity.		
<i>Current tax</i>		
Current tax on income for the period	-	85,346
Adjustments in respect of prior period	(63,378)	-
Total current tax	(63,378)	85,346
Reconciliation of effective rate		
Surplus before taxation	(34,930)	564,276
Total tax expense	(63,378)	85,346
Tax using the UK corporation tax rate of 19% (2022: 19%)	(6,637)	107,212
Pension contribution adjustment	(1,397)	(21,738)
Capital allowances	(105)	(128)
Trading Losses Offset	8,139	-
Total tax expense included in the profit	-	85,346
11 DEBTORS		
Trade debtors	225,402	147,712
Prepayments and accrued income	87,647	626,883
Other debtors	1,300	-
Amounts owed by group undertakings	62,309	122,052
	376,658	896,647
Due within one year	376,658	896,647
12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	23,781	30,503
Accruals and deferred income	19,774	18,562
Taxation and social security	-	17,648
Corporation tax	-	85,421
Pension deficit contributions (see note 15)	-	103
Amounts due to group undertakings	681,844	609,153
	725,399	761,390

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

	2024 £	2023 £
13 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR		
Pension deficit contributions (see note 15)	-	78
	-	78

14 PROVISIONS

	Leave Pay £	Total £
Balance at 1 April 2023	11,454	11,454
Provisions made during the year	5,705	5,705
Balance at 31 March 2024	17,159	17,159

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

15 EMPLOYEE BENEFITS

The association operates two defined benefit pension schemes.

Summary of the movement on pension scheme liabilities for the year ended 31 March 2024

	The Pensions Trust - SHPS £	The Pensions Trust - Growth Plan £
Net liability at 1 April 2023	560,000	181
Loss in the period charged to the profit & loss account	27,000	6
Loss in the period charged to other comprehensive income	195,000	-
Deficit contribution paid	(153,000)	(103)
Net liability at 31 March 2024	629,000	84

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme

The association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive.

The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (Continued)

	2024	2023
	£'000	£'000
Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)		
Fair value of plan assets	2,595	2,632
Present value of defined benefit obligation	(3,224)	(3,192)
Defined benefit asset (liability) to be recognised	(629)	(560)
Reconciliation of opening and closing balances of the defined benefit obligation		
Defined benefit obligation at start of period	3,192	4,957
Expenses	4	4
Interest expense	153	137
Actuarial losses (gains) due to scheme experience	33	(97)
Actuarial losses (gains) due to changes in demographic assumptions	(31)	(7)
Actuarial losses (gains) due to changes in financial assumptions	(65)	(1,742)
Benefits paid and expenses	(62)	(60)
Defined benefit obligation at end of period	3,224	3,192
Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at start of period	2,632	4,440
Interest income	130	125
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(258)	(2,041)
Contributions by the employer	153	168
Benefits paid and expenses	(62)	(60)
Fair value of plan assets at end of period	2,595	2,632
The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£128,000).		
Defined benefit costs recognised in statement of comprehensive income (SoCI)		
Expenses	4	4
Net interest expense	23	12
Defined benefit costs recognised in statement of comprehensive income (SoCI)	27	16

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (Continued)

	2024	2023
	£'000	£'000
Defined benefit costs recognised in other comprehensive income		
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(258)	(2,041)
Experience gains and losses arising on the plan liabilities - (loss)/gain	(33)	97
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	31	7
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain	65	1,742
Total amount recognised in other comprehensive income - (loss)/gain	(195)	(195)
Assets		
Global Equity	259	49
Absolute Return	101	28
Distressed Opportunities	92	80
Credit Relative Value	85	99
Alternative Risk Premia	82	5
Emerging Markets Debt	34	14
Risk Sharing	152	194
Insurance-Linked Securities	13	66
Property	104	113
Infrastructure	262	301
Private Equity	2	-
Private Debt	102	117
Opportunistic Illiquid Credit	101	113
High Yield	-	9
Cash	51	19
Long Lease Property	17	79
Secured Income	78	121
Liability Driven Investment	1,057	1,213
Currency Hedging	(1)	5
Net Current Assets	4	7
Total assets	2,595	2,632

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (Continued)

Key Assumptions

	2024	2023
	% per annum	% per annum
Discount Rate	4.92	4.83
Inflation (RPI)	3.09	3.16
Inflation (CPI)	2.79	2.81
Salary Growth	3.79	3.81
	75% of maximum allowance	75% of maximum allowance
Allowance for commutation of pension for cash at retirement		

At 31st March 2024, the discount rate model was updated from "The Mercer Yield Curve - without options" to "The Mercer Yield Curve - expanded dataset". A key difference is that the revised model uses extra high quality corporate bond data, resulting in an assumption that is less volatile and more in line with other market curves.

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

The Association expects to contribute £176k to the scheme in the period to 31 March 2025.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	£	£

15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme

(Continued)

Reimbursement Asset

The Social Housing Pension Scheme provided by Midlands Rural Housing Association is for staff employed under a joint employment contract with the 4 rural associations mentioned in the Annual Report of the Board of Management. A legal agreement is in place between the 5 entities which sets out how the pension costs of those jointly employed staff will be met by each entity.

In line with this agreement the 4 rural associations therefore have a liability for their share of the pension arising under the plan. Under FRS102 Section 21 this creates a reimbursement asset between Midlands Rural Housing and the 4 rural associations. This is separately declared within the Statement of Financial Position on the following basis:

	2024	2023
	£	£
At 1st April	164,490	881,700
Payment received	(145,649)	(138,060)
Change in debtor	541,044	(579,150)
At 31st March	559,885	164,490

Split to Rural Housing Associations

Warwickshire Rural Housing Association	207,599	60,991
Northampton Rural Housing Association	220,179	64,687
Peak District Rural Housing Association	100,653	29,571
Leicestershire Rural Housing Association	31,454	9,241
Total pension reimbursement asset	559,885	164,490

Movement in the year included in Other Comprehensive Income - Remeasurement of Social Housing Pension Scheme

Change in Debtor	541,044	(579,150)
	541,044	(579,150)

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2025 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - The Growth Plan

The association participates in the scheme, a multi-employer scheme which provides benefits to 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

	£3.312m per annum
From 1 April 2022 to 31 January 2025:	(payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

	£11.243m per annum
From 1 April 2019 to 30 September 2025:	(payable monthly and increasing by 3.0% each year on 1 April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the association has agreed to a deficit funding arrangement the association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - The Growth Plan (continued)

	2024	2023
	2024	2023
	£	£
<u>Present Value of provision</u>		
Present value of provision at period end	84	181
<u>Reconciliation of opening and closing provisions</u>		
Provision at start of period	181	283
Unwinding of discount factor (interest expense)	6	6
Deficit contribution paid	(103)	(103)
Remeasurement - impact of any change in assumptions	-	(5)
Provision at the end of period	84	181
<u>Profit and loss impact</u>		
Interest expense	6	6
<u>Assumptions</u>		
Rate of discount per annum	5.31%	5.52%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield to discount the same recovery plan contributions.

	2024	2023
	£	£
16 CALLED UP SHARE CAPITAL		
Allotted, issued and full paid		
Allotted, issued and fully paid at 1 April and 31 March	5	5

At 31 March 2024 , the Association had 5 ordinary shares (2023: 5) in issue, with each share having a nominal value of £1.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	£	£
17 OPERATING LEASES		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	93,582	66,649
	93,582	66,649

During the year £93,582 was recognised as an expense in the profit and loss account in respect of operating leases (2023: £66,681).

18 RELATED PARTIES

During the year Midlands Rural Housing had the following intercompany recharge transactions with regulated entities within the emh group.

Purchases from:

emh Housing & Regeneration Limited	357,934	317,252
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Purchases are management charges for maintenance contract management services, these charges are made at cost and rental charges for an office building, these charges are made at an arm's length commercial rate.

At the end of the year Midlands Rural Housing had the following intercompany balances with regulated entities within the emh group

Debtors

East Midlands Housing Group Limited	62,309	122,052
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Creditors

East Midlands Housing Group Limited	135,581	105,346
emh Housing & Regeneration Ltd	546,263	503,807

19 ULTIMATE PARENT COMPANY

The association is a subsidiary undertaking of East Midlands Housing Group, which is regarded by the Board of Management as the ultimate parent organisation of the association. The consolidated financial statements of East Midlands Housing Group are available at www.emhgroup.org.uk